

## **Tasking Memorandum No. 99-79**

**Memorandum For:** Commanders DCMDs, DCMC CAOs

**Subject:** Supplier Risk Management Program (TASKING)

**Date:** January 13, 1999

**Target Audience:** All DCMC Personnel

### **Requirements:**

- The purpose of this Tasking Memorandum is to inform CAO personnel of the transformation from conducting a periodic Performance Based Assessment Model (PBAM) risk assessment to a real-time, Supplier Risk Management Program. This program will integrate the PBAM risk assessment and surveillance planning processes, resulting in a consistent risk management methodology throughout DCMC. Also, this memorandum will provide instructions on conducting current PBAM risk assessments and surveillance activities.
- We are currently revising our risk management tools. The timeframe for this effort will be approximately 6-9 months. Training, users' manuals, guidebooks (Att. 1) and associated implementation tools will be developed and updated to assist all personnel as we deploy this effort DCMC-wide. The policy for the Supplier Risk Management Program will ultimately reside in the Supplier *(formerly Contractor)* Risk Management One Book Chapter.
- Current policy on surveillance planning activities is required in 14 One Book Chapters (Att. 2). Collectively, the policy lacks a common approach to risk assessment and surveillance plan development. A new One Book Chapter entitled Supplier Risk Management has been developed and is currently being updated based on comments provided by CAO personnel in response to DCMC Tasking Memorandum 99-56 (Att. 3). The new policy is expected to be released within 90 days. Until the new policy becomes effective, CAO personnel should conduct surveillance activities in accordance with the existing applicable One Book Chapters.
- The entire process will be an automated Supplier Risk Management Program providing the Command with one standard automated tool to assess cost, schedule, and performance risks for DoD acquisitions. This automated tool will be developed as a module within DCMC's web-based Supplier Information Service (SIS) (Att. 4). In the meantime, CAOs are advised to discontinue any planned efforts to further expand existing local risk management and surveillance applications.
- Current policy governing use of the PBAM risk assessment process requires CAOs to conduct a full-up assessment every three years, with desk audits in the intervening two years. During this transition period, CAOs should only conduct desk audits. On-site reviews *may be conducted, on an exception basis, as determined by CAO Commanders*. These desk audits should be conducted using the current PBAM Users' Guide and should be supported by documentation of process data and

evidence of contractor and customer participation. In accordance with previous direction (Att. 5), CAOs should forward their results to their respective District Operations Chiefs.

- The Supplier Risk Management Program is critical to DCMC's success now and in the future. As DoD begins to operate in a Risk Management (Att. 6) environment and moves toward managing suppliers this program will provide our customers with a statement of risk by supplier that will assist them in making informed acquisition decisions. It will also improve the overall efficiency and effectiveness of DCMC operations. We will be providing updates to our progress and soliciting input and your participation as we further develop and implement the supplier risk management program.

**Point of Contact for Further Information:**

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**Signature:**

/s/



JILL E. PETTIBONE

Executive Director

Contract Management Operations

Attachments:

1. DRAFT Contractor Risk Management Guidebook
2. 14 One Book Chapters
3. DCMC Tasking Memorandum 99-56, Contractor Risk Mananement
4. Supplier Information Service (SIS) Overview
5. DCMC Memorandum-Performance Based Assessments (dtd October 10, 1997)
6. Risk Management